



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 15-50 – Lead-based Paint Renovation, Repair and Painting
Department of Professional and Occupational Regulation
December 17, 2010

Summary of the Proposed Amendments to Regulation

The 2009 Acts of Assembly, Chapter 819 amended §§ 54.1-500, 54.1-500.1, 54.1-501, 54.1-503, 54.1-512, 54.1-516, and 54.1-517 of the *Code of Virginia* to mandate the regulation of lead renovation, repair, and painting activities. The Board for Asbestos, Lead, Mold, and Home Inspectors (Board) proposes these new regulations to comply with the mandate. The proposed new regulations establish: 1) a regulatory program for the licensure of renovators, dust sampling technicians and renovation contractor firms; 2) requirements for the approval of accredited renovator and dust sampling technician training programs; and 3) standards of conduct and work practices that are consistent with the United States Environmental Protection Agency (EPA) Lead Renovation, Repair, and Painting Program Final Rule.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed regulation fulfills specific statutory requirements and allows the Department of Professional and Occupational Regulation (Department) to establish, monitor, and enforce a regulatory program that addresses lead-based paint hazards created by renovation, repair, and painting activities. Renovation, repair, and painting activities that disturb lead-based paint in target housing and child-occupied facilities increase the threat of lead-based paint exposure by dispersing lead particles in the air and over household items. Both adults and children can receive hazardous lead paint exposures by inhaling or ingesting lead-based paint

dust.¹ Studies have shown that lead poisoning can cause permanent damage to the brain and other organs.² In children, lead poisoning can cause lower IQ levels and behavioral problems.³ The goal of the proposed regulation is to ensure that individuals and businesses conducting lead-based paint renovation, repair and painting activities are properly trained and licensed so as to enhance the Department's ability to protect the health, safety, and welfare of Virginia citizens from the hazard of lead-based paint poisoning. As the referenced peer-reviewed studies indicate, exposure to lead-based paint can cause severe health problems. To the extent that the proposed regulations reduce the likelihood that residents of buildings with lead-based paint and renovation, repair and painting workers are exposed to and inhale or ingest lead-based paint, the proposed regulations will likely produce a significant benefit for the public.

Application and annual renewal fees for the new program are expected to be \$45 for individuals and \$60 for businesses. The cost of training courses is expected to be similar to that for other programs regulated by the Board, at an initial cost of \$400 per day of training, and \$50 for renewal. Training courses already approved by the EPA will not need to be audited by the Board, and so the initial licensing fee will be \$25. Costs and fees may vary based on the actual number of regulants entering the program. From the public perspective, these costs will likely be offset by lower medical and educational costs for those children and adults who are not exposed to lead poisoning due to the likely positive impact of the proposed regulations.

Businesses and Entities Affected

The new regulations will apply to businesses and individuals practicing renovation or modification of any existing structure which results in the disturbance of painted surfaces, and providers of training for such practice. Based on the best information available, the Department estimates that approximately 10,000 businesses and 10,000 individuals will be licensed under these regulations. Most would be small businesses.

Localities Particularly Affected

The proposed regulations do not disproportionately affect particular localities.

¹ Needleman (2004)

² Goldstein (1990), Needleman (2004) and Rodier (1995)

³ Goldstein (1990), Needleman (2004), and Needleman and Gatsonis (1990)

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect total employment. The moderate increase in costs for renovation contractor firms may lead to some reduction in affiliated jobs. On the other hand, increased demand for training from firms which provide accredited renovation training should at least partially offset such potential moderate job loss.

Effects on the Use and Value of Private Property

The proposed regulations will increase costs for businesses practicing renovation or modification of any existing structure which results in the disturbance of painted surfaces. This may result in a moderate reduction in the value of such firms. On the other hand, firms which provide accredited renovation training will likely have more demand for their services, higher revenue, and increased firm value.

Small Businesses: Costs and Other Effects

The proposed regulations will moderately increase costs for small businesses practicing renovation or modification of any existing structure which results in the disturbance of painted surfaces.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no apparent alternative method that reduces the adverse impact to small businesses and still accomplishes the policy goal of reduced lead poisoning.

Real Estate Development Costs

The proposed regulations may moderately increase the cost of renovating or modifying existing structures.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to

be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.

References

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